



Testimony of

**Roger J. Dow, President and CEO
Travel Industry Association of America**

Before the

**Committee on Energy and Commerce
Subcommittee on Commerce, Trade and Consumer Protection
U.S. House of Representatives**

On

**The Commerce and Consumer Protection Implications
Of Hurricane Katrina**

September 22, 2005

The Travel Industry Association of America (TIA), in conjunction with the Travel Business Roundtable (TBR), appreciates the opportunity to present this testimony regarding the impact of Hurricane Katrina on travel and tourism in the Gulf Coast region. Chairman Stearns, Ranking Member Schakowsky and members of the subcommittee, TIA, on behalf of the entire travel and tourism industry, applauds you for holding this important hearing to more closely examine the impact of Hurricane Katrina on various parts of our economy, including travel and tourism, the leading industry in the Gulf Coast area.

Background on TIA and TBR

TIA is the national, non-profit organization representing all components of the \$599.2 billion U.S. travel and tourism industry. TIA's mission is to represent the whole of the travel industry to

promote and facilitate increased travel to and within the United States. Our 1,700 member organizations represent every segment of the industry, and are dedicated to helping grow the U.S. economy and provide jobs and economic opportunity for individuals and communities all across America. We are here today also representing our strategic partner, TBR, a CEO-based organization of more than 75 member corporations, associations and labor groups. TIA and TBR are formal partners, working with Congress and the Administration to advance the public policy interests of the U.S. travel and tourism industry.

The Impact of Hurricane Katrina on Gulf Coast Tourism

Hurricane Katrina dealt a devastating blow to the lives of millions of individuals across the Gulf Coast region and brought life and commerce to a sudden stop. We grieve for the many whose lives were lost in this natural calamity. We also want to salute the thousands of first responders and volunteers who have saved thousands of lives and are now tending to the physical and emotional needs of hundreds of thousands of displaced people. These dedicated individuals make us all proud by their acts of bravery and selflessness.

Approximately 260,000 men and women were employed in travel-related jobs in the impacted region, and nearly all of those jobs have been disrupted for some period of time. More than \$18 billion in travel-related spending occurs annually in the affected counties in Louisiana, Mississippi and Alabama. With the total absence of leisure, business and convention travel to the region, approximately \$50 million in travel-related spending is now lost every day.

The Travel Industry Response to Katrina

The travel industry response to Hurricane Katrina has been generous and wide-ranging, from American Express' \$1 million donation to the American Red Cross, to Harrah's Entertainment extending pay to displaced employees for 90 days and establishing a \$1 million Employee Recovery Fund. Other examples include the National Restaurant Association's upcoming National "Dine Around", which should raise millions, and Cendant Corporation providing housing and rental vehicles for emergency response personnel.

While we knew it made little sense to launch fundraising or humanitarian efforts that would simply duplicate the excellent work already underway, the travel industry at the national level wanted to weigh in and do our part to help travel and tourism colleagues in need. Our organization, TIA, working in conjunction with our strategic partner TBR and the Travel & Tourism Coalition – a coalition of 37 travel-related national associations – believes one of the best contributions we can make to the relief effort is to help find employment for the thousands of displaced workers in the region.

On September 15, we launched a free job bank, [**www.katrinajobs.org**](http://www.katrinajobs.org), which is aimed at finding temporary new employment for workers displaced by the hurricane. While the site is focused on finding new jobs for travel industry employees, it is not limited just to these workers. So many workers in the Gulf Coast region were employed by our industry, and we are working with our members nationwide to provide employment opportunities through this job bank site. As well-trained employees working in a variety of service jobs in travel and tourism, we believe these men and women possess transferable skills and could fill any number of new jobs both within

and outside of the travel industry. We are very grateful to the American Red Cross, which has chosen to help promote our new www.katrinajobs.org website in the southeast region.

As mentioned above, there are numerous travel-related companies that are extending pay and benefits for their employees, or have relocated those workers to other facilities around the country to continue their employment. Many other companies are providing housing and other necessary services for these valuable travel industry associates. These quarter-million men and women are critical to the industry since we are service providers, and these front-line employees help provide millions of visitors with a tremendous travel experience. They deserve no less than our very best at this critical time. Highlights of the industry's response are included in the attached legislative relief package.

Travel and Tourism Industry Legislative Relief Package

We applaud the Bush Administration and this Congress for its quick response in passing emergency appropriations packages to speed up relief to the region. This was our nation's greatest natural disaster to date, and as immediate and long-term solutions are formulated, we stand ready to assist those affected by the hurricane.

To that end, the travel and tourism industry has drafted a legislative relief package to assist employees, employers and owners directly impacted by Hurricane Katrina. A package of information has been transmitted to Administration and Congressional leaders which includes the following items: (1) Industry Overview: Reviving the Gulf Coast and U.S. Travel and Tourism; (2) Economic Impact of the Travel and Tourism Industry in the Gulf Region; (3)

Industry Contributions to Katrina Relief; (4) Travel and Tourism Legislative Requests. This document is included as an addendum to this written testimony.

In this legislative relief package, we focus first on assistance to displaced workers, which are the heart and soul of the U.S. travel industry. These millions of men and women are the spirit and driving force that has made our industry so successful. We applaud all that has been done by both the public and private sector to help displaced workers with housing, food and medical care. Many of the tax provisions suggested in our package are aimed at improving the lives of those employees directly impacted by the hurricane.

Federal tax deductions and credits, much like after the events of September 11, 2001, can also be utilized to assist business owners in the impacted counties to begin to rebuild and repair. It is important that we highlight the fact that **we are seeking only emergency tax relief for the affected region that would be both time-limited and targeted in focus.** These recommended tax provisions are detailed in the attached document and include such items as Private Activity Bonds, Work Opportunity Tax Credits, Leasehold Improvements, Bonus Depreciation, Small Business Expensing, and others.

While the focus is currently on recovery, the focus will shift to rebuilding the devastated communities in the Gulf Coast region. Once facilities are rebuilt and it is appropriate once again to invite visitors to enjoy the unique sights, sounds, arts and culture and culinary pleasures of this area, it is important that the federal government provide limited funds to the three impacted states, as well as local travel organizations, to promote travel to the region.

Leisure, business and convention travelers will need to hear that the area is open for business, and be encouraged to visit once again. We believe that limited federal funds could help these three states, as well as local destinations, promote effectively to recapture visitors and begin to support the region's number one industry – travel and tourism.

Hurricane Katrina's Three Distinct Impacts on Travel

Broadly speaking, Hurricane Katrina had three distinct and dramatic impacts on travel and tourism in the Gulf Coast region of Louisiana, Mississippi and Alabama, and across the entire country.

First and most importantly, Hurricane Katrina killed hundreds, uprooted hundreds of thousands of local residents, and destroyed entire communities. Many of these areas are special places of welcome and hospitality for millions of domestic and international travelers. From the world-class cuisine and music of New Orleans to the historic mansions, casinos, resorts and beaches in Mississippi and Alabama, these historic and fun-filled places have been damaged or destroyed.

The work of rebuilding the physical infrastructure has already begun, and once the cleanup is completed, hundreds of thousands of new homes and businesses will emerge. It is our hope and prayer that all affected communities in the Gulf Coast region will be rebuilt and that residents will return to a place they can call home again. And we hope those communities will be stronger and more viable than ever, with travel and tourism continuing as the leading industry in providing exciting job opportunities and economic growth for the future.

The second impact of Hurricane Katrina on the travel and tourism industry comes through the strong blow dealt to the energy production, refinement and transmission capabilities of the region. While some of the energy impacts are perhaps more short-lived (e.g. pipeline supply disruptions), production of oil and gas has been greatly reduced, and already tight refinery operations have been disrupted.

Reliable transportation fuels provided at reasonable cost levels are absolutely essential to the future growth and success of the travel industry. Without ready access to gasoline, diesel and jet fuel, this nation's ability to travel for personal and business reasons would come to a grinding halt. In the weeks following Hurricane Katrina, fuel shortages (and rumors of shortages) drove up prices and stranded some motorists. Again, we must address our nation's energy needs in order to ensure a reliable supply of fairly priced fuels. Nothing less than national mobility is at stake.

The third and final impact of Hurricane Katrina is much less obvious to the American public and policymakers in Washington, but is potentially more devastating over the long term. Fair or not, the images viewed abroad by hundreds of millions of international citizens of the looting, lawlessness and human despair in New Orleans only helps to worsen the deteriorating U.S. image abroad. Even when the media was reporting wild rumors as fact, international audiences were left with the distinct impression that this city's residents were abandoned by multiple levels of government and preyed upon by roving gangs of thugs. The news coming out of New Orleans was in many instances misreported, but audiences around the world viewed chaos and human despair that only served to reinforce the most negative portrayals of the United States and her people.

The U.S. travel industry has grown more concerned over the past few years about America's sinking image abroad. Recent polling demonstrates that a substantial number of prospective visitors from Europe and Asia are now less inclined to visit our nation for business and pleasure due to negative perceptions about our culture and politics. Again, the scenes from the Gulf Coast region transmitted by satellite around the world only helped to bolster this less than flattering opinion about the United States and may serve as a further disincentive for international visitors to travel here. And this growing negative perception matters significantly since international travel to the U.S. results in nearly \$100 billion in visitor spending annually, supporting nearly 1 million U.S. jobs.

In conclusion, I want to pledge on behalf of the entire U.S. travel industry that we will work with Congress, the Administration and all involved charitable organizations to help in the rebuilding and restoration of the Gulf Coast Region. We want nothing less than a region that is even more economically viable, more culturally vibrant and that offers hope and opportunity to all its citizens – a place for millions to call home once again. Hurricane Katrina has served to awaken the hopeful spirit and generosity of the American people. In that spirit, let us continue to move forward with the rebuilding of lives and communities to provide a better tomorrow for the citizens of Louisiana, Mississippi and Alabama.

[*See attached legislative relief package]